

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

INVESTMENT COMMITTEE

OPEN SESSION

SUBJECT: General – Subcommittee
on Corporate Governance

ITEM NUMBER: 11

ATTACHMENT(S): 1

ACTION:

DATE OF MEETING: March 3, 1999

INFORMATION: X

PRESENTER: Mr. Mitchell

EXECUTIVE SUMMARY

At the February 3, 1999 Governance Committee meeting, staff was directed to present an agenda item to discuss the possible activation of the Subcommittee on Corporate Governance. In May 1996 the Investment Committee voted to disband this subcommittee. Currently all corporate governance issues and discussions are placed on the Investment Committee agenda as necessary.

The following represents the chronology of the evolution of the Subcommittee on Corporate Governance:

- Prior to 1989: The committee was called the Subcommittee on Financial and Social Proxies.
- January 1989: The name of the committee was changed to the Subcommittee on Corporate Governance and Financial Proxies. The charter was amended to reflect the broader focus of this committee in the area of corporate governance (Subcommittee on Corporate Governance and Financial Proxies).
- July 1991: The reference to “Financial Proxies” in the purpose statement and title was deleted from the charter. It was determined that the term Corporate Governance is the umbrella that covers financial and social proxies.

Attachment 1 is the current charter for the Subcommittee on Corporate Governance.

TEACHERS' RETIREMENT BOARD

SUBCOMMITTEE ON CORPORATE GOVERNANCE CHARTER

PURPOSE – Pursuant to delegation of the Investment Committee, the Subcommittee on Corporate Governance will review the financial proxy voting policies, practices and procedures and will recommend to the Investment Committee changes thereto.

DUTIES – The Subcommittee on Corporate Governance shall perform the following tasks:

1. Review and make recommendations with regard to the Financial Proxy Guidelines and the Statement of Investment Responsibility.
2. Receive reports from staff on the status of current proxy votes, and recommend to the Investment Committee action to be taken on votes which do not fall within the guidelines.
3. Direct development of the Annual Corporate Governance Plan.
4. Receive from staff annual summaries of votes cast on behalf of the Board.
5. Act as liaison between the Board and the Council of Institutional Investors.
6. Monitor developments in the corporate governance area that may affect the value of shares held by the System.
7. Perform such other duties as are assigned by the Investment Committee.
8. Develop and propose various actions related to corporate governance including, but not limited to, shareholder resolutions.

Subcommittee Membership:

Composed of eight (8) members appointed by the Chairperson of the Investment Committee.

Subcommittee Actions:

A quorum shall be present if the majority of the members of the Subcommittee are in attendance, and the affirmative vote of the majority present shall be necessary to approve or ratify any action or proposed action.